

# *Township of Almont*

**Lapeer County, Michigan**

Audited Financial Report  
June 30, 2006

## Auditing Procedures Report

(Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.)

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Almont Township	County Lapeer County
Fiscal Year End June 30, 2006	Opinion Date August 11, 2006	Date Audit Report Submitted to State August 18, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


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**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.	Telephone Number 989-635-3113		
Street Address 3531 Main Street	City Marlette	State MI	Zip 48453
Authorizing CPA Signature 	Printed Name Lehn King	License Number A248781	

**Township of Almont**  
Annual Financial Report  
For The Fiscal Year Ended June 30, 2006

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# LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

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Phone 989-635-3113

Fax 989-635-5580

Members of the Township Board

**Almont Township**

Lapeer County, Michigan

## **Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont, Michigan as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Almont, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Almont, Michigan as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Almont, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2004.

*Lehn King*

Lehn L. King  
**Certified Public Accountant**

August 11, 2006

# Township of Almont

## Almont, Michigan

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### MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Almont's financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the Township's financial statements.

#### Financial Highlights

The Township is now collecting one (1) mill for the construction of a new fire hall. This millage is for a period of ten years. The land was purchased for the new fire hall at \$330,115 and a contract awarded of \$1,475,240 for the construction of the station. An installment agreement in the amount of \$1,200,000 at 3.89% was entered into with Capac State Bank to finance the project.

#### Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

#### The Township as a Whole

The Township of Almont's fund balances are as follows:

	<b>June 30, 2006</b>	<b>June 30, 2005</b>
General Fund	\$ 383,353	\$ 72,563
Fire Fund	570,425	479,316
Police Department Fund	247,456	187,635
Building Department Fund	7,344	7,898
Fire Assessment Capital Project Fund	1,556,846	253,880
Total for Township	<u>\$ 2,765,424</u>	<u>\$ 1,001,292</u>

# Township of Almont

## Almont, Michigan

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### Governmental Activities

The Township of Almont's Revenues and Expenditures can be summarized as follows:

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Police Department Fund</b>	<b>Building Department Fund</b>	<b>Capital Project Fund</b>	<b>Totals</b>
<b>Fund Balance - Beginning of Year</b>	\$ 72,563	\$ 479,316	\$ 187,635	\$ 7,898	\$ 253,880	\$ 1,001,292
<b>Revenue Collected</b>						
Property Taxes	366,912	221,089	281,901	-	212,766	1,082,668
Intergovernmental Revenue	221,319	-	-	-	-	221,319
Charges for Services	4,980	-	-	51,061	-	56,041
Loan Proceeds	-	-	-	-	1,200,000	1,200,000
Interest Earnings	21,569	17,355	8,064	516	7,797	55,301
Other	116,018	1,840	10,200	41	180	128,279
Total Revenue Collected	<u>730,798</u>	<u>240,284</u>	<u>300,165</u>	<u>51,618</u>	<u>1,420,743</u>	<u>2,743,608</u>
<b>Expenditures</b>						
General Government	283,830	-	-	-	-	283,830
Public Safety	42,552	130,913	240,343	52,172	7,632	473,612
Public Works	71,210	-	-	-	-	71,210
Capital Outlay	-	18,262	-	-	110,144	128,406
Debt Service	22,417	-	-	-	-	22,417
Total Expenditures	<u>420,009</u>	<u>149,175</u>	<u>240,343</u>	<u>52,172</u>	<u>117,776</u>	<u>979,475</u>
<b>Fund Balance - End of Year</b>	<u>\$ 383,352</u>	<u>\$ 570,425</u>	<u>\$ 247,457</u>	<u>\$ 7,344</u>	<u>\$ 1,556,847</u>	<u>\$ 2,765,425</u>

# Township of Almont

## Almont, Michigan

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### Economic Factors and Next Year's Budget and Rates

The Township of Almont's 2006/2007 adopted budget is as follows:

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Police Department Fund</b>	<b>Building Department Fund</b>	<b>Capital Project Fund</b>
Budgeted Beginning Fund Balance	\$ 328,000	\$ 562,125	\$ 280,000	\$ 8,000	\$ 402,667
<b>Revenue</b>					
Property Taxes / Special Assessments	\$ 399,500	\$ 239,550	\$ 268,555	\$ -	\$ 230,249
Intergovernmental Revenue	225,000	-	-	-	-
Charges for Services	11,500	500	-	59,000	-
Interest Earnings	5,000	10,000	7,000	300	7,000
Other	9,500	26,200	-	-	-
Total Revenue Collected	650,500	276,250	275,555	59,300	237,249
<b>Expenditures</b>					
General Government	372,000	-	-	-	-
Public Safety	68,700	588,375	232,000	65,000	-
Public Works	156,000	-	-	-	-
Capital Outlay	-	-	-	-	527,600
Debt Service	-	-	-	-	-
Transfers	-	-	-	-	-
Total Expenditures	596,700	588,375	232,000	65,000	527,600
<b>Net Over/Under Budget</b>	53,800	(312,125)	43,555	(5,700)	(290,351)
Budgeted Ending Fund Balance	\$ 381,800	\$ 250,000	\$ 323,555	\$ 2,300	\$ 112,316

The Township of Almont's General Fund budget for next year is approximately the same budget as a year ago.

### Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 819 N. Main, Almont, Michigan or by telephone at (810) 798-8521.

Gary Groesbeck  
Township of Almont Supervisor

**Township of Almont**  
Statement of Net Assets (Deficit)  
June 30, 2006

	<b><u>Primary Government Governmental Activities</u></b>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 2,933,659.50
Accounts Receivable	14,913.08
Due From Other Funds	106,997.79
Capital Assets (Net of Accumulated Depreciation)	<u>1,198,764.98</u>
 <u>Total Assets</u>	 <u><u>\$ 4,254,335.35</u></u>
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 156,098.68
Accrued Wages	18,257.43
Deferred Revenue	22,083.00
Due From Other Funds	93,707.16
Current Portion of Long-Term Debt	183,540.00
Noncurrent Liabilities:	
Long-Term Debt	<u>1,038,067.49</u>
 <u>Total Liabilities</u>	 <u><u>1,511,753.76</u></u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	(22,842.51)
Unrestricted	<u>2,765,424.10</u>
 <u>Total Net Assets (Deficit)</u>	 <u><u>\$ 2,742,581.59</u></u>

The notes are an integral part of the statements.



**Township of Almont**  
Statement of Activities  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue &amp; Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:					
Governmental Activities:					
General Government	\$ 290,744.05	\$ -	\$ -	\$ -	\$ (290,744.05)
Public Safety	528,408.27	56,041.02	-	-	(472,367.25)
Public Works	71,209.77	-	-	-	(71,209.77)
Interest on Long-Term Debt	1,591.20	-	-	-	(1,591.20)
<u>Total Governmental Activities</u>	<u>\$ 891,953.29</u>	<u>\$ 56,041.02</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(835,912.27)</u>
<b>General Revenues:</b>					
Property Taxes & Special Assessments					\$ 1,082,666.80
State Shared Revenues					221,319.00
Interest					55,301.09
Other Revenue					128,278.61
Transfers					-
Total General Revenues, Special Items & Transfers					<u>1,487,565.50</u>
<b>Change in Net Assets</b>					651,653.23
<b>Net Assets (Deficit) - Beginning of Year</b>					<u>2,090,928.36</u>
<b>Net Assets (Deficit) - End of Year</b>					<u>\$ 2,742,581.59</u>

The notes are an integral part of the statements.

# Township of Almont

Governmental Funds

Balance Sheet

June 30, 2006

	<b>Major Special Revenue Funds</b>				<b>Fire</b>	
	<b>General</b>	<b>Fire</b>	<b>Police</b>	<b>Building</b>	<b>Assessment</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	<b>Department</b>	<b>Department</b>	<b>Capital</b>	<b>Governmental</b>
			<b>Fund</b>	<b>Fund</b>	<b>Project Fund</b>	<b>Funds</b>
<b><u>Assets</u></b>						
Cash & Certificates of Deposit	\$ 325,195.29	\$ 685,990.95	\$ 305,111.36	\$ 12,373.30	\$ 1,604,988.60	\$ 2,933,659.50
Accounts Receivable	5,365.00	4,301.00	-	-	5,247.08	14,913.08
Due From Other Funds	106,997.79	-	-	-	-	106,997.79
<b><u>Total Assets</u></b>	<b>\$ 437,558.08</b>	<b>\$ 690,291.95</b>	<b>\$ 305,111.36</b>	<b>\$ 12,373.30</b>	<b>\$ 1,610,235.68</b>	<b>\$ 3,055,570.37</b>
<b><u>Liabilities &amp; Fund Equity</u></b>						
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 41,814.46	\$ 2,279.20	\$ 57,655.10	\$ 960.68	\$ 53,389.24	\$ 156,098.68
Accrued Wages	12,391.07	1,797.77	-	4,068.59	-	18,257.43
Deferred Revenue	-	22,083.00	-	-	-	22,083.00
Due To Other Funds	-	93,707.16	-	-	-	93,707.16
<b><u>Total Liabilities</u></b>	<b>54,205.53</b>	<b>119,867.13</b>	<b>57,655.10</b>	<b>5,029.27</b>	<b>53,389.24</b>	<b>290,146.27</b>
<b><u>Fund Equity</u></b>						
Fund Balances						
- Unreserved & Undesignated	383,352.55	570,424.82	247,456.26	7,344.03	1,556,846.44	2,765,424.10
<b><u>Total Fund Balances</u></b>	<b>383,352.55</b>	<b>570,424.82</b>	<b>247,456.26</b>	<b>7,344.03</b>	<b>1,556,846.44</b>	<b>2,765,424.10</b>
<b><u>Total Liabilities &amp; Fund Equity</u></b>	<b>\$ 437,558.08</b>	<b>\$ 690,291.95</b>	<b>\$ 305,111.36</b>	<b>\$ 12,373.30</b>	<b>\$ 1,610,235.68</b>	<b>\$ 3,055,570.37</b>

The notes are an integral part of the statements.

**Township of Almont**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended June 30, 2006

<b>Total Fund Balances for Governmental Funds</b>	\$ 2,765,424.10
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Amounts reported for Governmental Activities in the Statement of  
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	1,198,764.98
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Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>(1,221,607.49)</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 2,742,581.59</u></u>
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The notes are an integral part of the statements.

**Township of Almont**  
Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended June 30, 2006

		<b>Major Special Revenue Funds</b>			<b>Fire</b>	
	<b>General</b>	<b>Fire</b>	<b>Police</b>	<b>Building</b>	<b>Assessment</b>	<b>Total</b>
<b>Revenues</b>	<b>Fund</b>	<b>Fund</b>	<b>Department</b>	<b>Department</b>	<b>Capital</b>	<b>Governmental</b>
			<b>Fund</b>	<b>Fund</b>	<b>Project Fund</b>	<b>Funds</b>
Property Taxes	\$ 366,911.89	\$ 221,088.54	\$ 281,900.86	\$ -	\$ 212,765.51	\$ 1,082,666.80
State Shared Revenue	221,319.00	-	-	-	-	221,319.00
Charges for Services	4,980.00	-	-	51,061.02	-	56,041.02
Loan Proceeds	-	-	-	-	1,200,000.00	1,200,000.00
Interest Earnings	21,568.52	17,355.21	8,063.76	516.27	7,797.33	55,301.09
Other Revenues	116,017.81	1,839.80	10,200.00	41.00	180.00	128,278.61
<b>Total Revenues</b>	<b>730,797.22</b>	<b>240,283.55</b>	<b>300,164.62</b>	<b>51,618.29</b>	<b>1,420,742.84</b>	<b>2,743,606.52</b>
<b>Expenditures</b>						
General Government	283,829.65	-	-	-	-	283,829.65
Public Safety	42,551.81	130,912.88	240,343.16	52,172.28	7,632.18	473,612.31
Publics Works	71,209.77	-	-	-	-	71,209.77
Capital Outlay	-	18,262.00	-	-	110,144.34	128,406.34
Debt Service - Principal	20,825.51	-	-	-	-	20,825.51
Debt Service - Interest	1,591.20	-	-	-	-	1,591.20
<b>Total Expenditures</b>	<b>420,007.94</b>	<b>149,174.88</b>	<b>240,343.16</b>	<b>52,172.28</b>	<b>117,776.52</b>	<b>979,474.78</b>
<b>Excess of Revenues Over</b>						
<b>(Under) Expenditures</b>	<b>310,789.28</b>	<b>91,108.67</b>	<b>59,821.46</b>	<b>(553.99)</b>	<b>1,302,966.32</b>	<b>1,764,131.74</b>
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In (Out)	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>310,789.28</b>	<b>91,108.67</b>	<b>59,821.46</b>	<b>(553.99)</b>	<b>1,302,966.32</b>	<b>1,764,131.74</b>
<b>Fund Balances - Beginning of Year</b>	<b>72,563.27</b>	<b>479,316.15</b>	<b>187,634.80</b>	<b>7,898.02</b>	<b>253,880.12</b>	<b>1,001,292.36</b>
<b>Fund Balances - End of Year</b>	<b>\$ 383,352.55</b>	<b>\$ 570,424.82</b>	<b>\$ 247,456.26</b>	<b>\$ 7,344.03</b>	<b>\$ 1,556,846.44</b>	<b>\$ 2,765,424.10</b>

The notes are an integral part of the statements.

**Township of Almont**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended June 30, 2006

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 1,764,131.74
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Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures; in the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as Depreciation	128,406.34
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Repayment of Bond Principal is an Expenditure in the Governmental Funds, but not in the Statement of Activities (where it reduces Long-Term Debt)	20,825.51
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Bond Proceeds are recognized as revenue in the Governmental Funds, but not in the Statement of Activities	(1,200,000.00)
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Depreciation is an Expenditure for the Statement of Activities, but is not reported in the Governmental Funds	<u>(61,710.36)</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 651,653.23</u></u>
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The notes are an integral part of the statements.

**Township of Almont**  
Statement of Net Assets (Deficit)  
Fiduciary Funds  
June 30, 2006

	<b>Fiduciary Fund Types</b>		
	<b>Agency Funds</b>		
	<b>Trust &amp; Agency Fund</b>	<b>Current Tax Collection Fund</b>	<b>Totals June 30, 2006</b>
<b><u>Assets</u></b>			
Cash - Savings & Certificates	\$ 107,284.06	\$ 12,844.69	\$ 120,128.75
Due From Other Funds	-	-	-
	107,284.06		
<b><u>Total Assets</u></b>	<b>\$ 214,568.12</b>	<b>\$ 12,844.69</b>	<b>\$ 120,128.75</b>
<b><u>Liabilities &amp; Fund Balance</u></b>			
<b><u>Liabilities</u></b>			
Performance Bonds Payable	\$ 106,837.12	\$ -	\$ 106,837.12
Due To Other Funds	446.94	12,844.69	13,291.63
Due To Other Governmental Units	-	-	-
	107,284.06	12,844.69	120,128.75
<b><u>Total Liabilities</u></b>	<b>107,284.06</b>	<b>12,844.69</b>	<b>120,128.75</b>
<b><u>Fund Balances</u></b>			
Unreserved & Undesignated	-	-	-
	-	-	-
<b><u>Total Fund Balances</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Total Liabilities &amp; Fund Balances</u></b>	<b>\$ 107,284.06</b>	<b>\$ 12,844.69</b>	<b>\$ 120,128.75</b>

The notes are an integral part of the statements.

# **Township of Almont**

Notes to the Financial Statements  
For The Year Ended June 30, 2006

The accounting methods and procedures adopted by the Township of Almont, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

## **1. Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Township of Almont was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Almont (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Component Units** - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

### **Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire Fund** – This fund accounts for the operation of the fire department and provides for the accumulation of funds for equipment replacement. Funding is provided primarily through a special assessment.

**Police Department Fund** – The fund accounts for the payment of the contract to the Village for police protection and the purchase of equipment. Funding is provided primarily through a special assessment.

**Building Department Fund** – This fund is set up for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

# **Township of Almont**

Notes to the Financial Statements  
For The Year Ended June 30, 2006

**Fire Assessment Capital Project Fund** – This fund is set up to account for the purchase of land for the fire hall and the various construction associated with the fire hall. Funding is provided primarily through a special assessment.

## **Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.



# **Township of Almont**

Notes to the Financial Statements  
For The Year Ended June 30, 2006

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	35 to 50 years
Machinery & Equipment	3 to 25 years

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## **Accounting Changes**

**GASB Statement No. 34** – Effective July 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

**Township of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2006

**2. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund, Special Revenue Funds, and Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund, Special Revenue Funds, and Capital Project Fund are presented in the required supplemental information.

During the year ended June 30, 2006, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<b><u>Total</u></b> <b><u>Appropriations</u></b>	<b><u>Amount of</u></b> <b><u>Expenditures</u></b>	<b><u>Budget</u></b> <b><u>Variance</u></b>
<b>General Fund</b>			
Zoning Board of Appeals	\$ 2,000	\$ 2,087	\$ 87
<b>Police Department Fund</b>			
Contractual Services	230,000	234,739	4,739
<b>Fire Assessment Capital Project Fund</b>			
Miscellaneous	-	7,632	7,632
Capital Outlay	100,000	110,144	10,144

**Township of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2006

**3. Cash and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. All cash deposits and investments of the Township are held by the Township in the Township's name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary - Trust &amp; Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 2,933,670	\$ 120,129	\$ 3,053,799

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 1,682,123

The bank balance of the primary government's deposits is \$3,053,799, of which \$395,365 is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	<u>Category</u>			<u>Carrying Value</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
Investments	\$ NONE	\$ NONE	\$ NONE	\$ NONE

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

**Township of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2006

**4. Property Taxes**

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services	1.3812	mills
Fire Fund, Operating	0.9833	mills
Fire Hall	0.9471	mills
Police Fund – Operating, Special Assessment	1.7700	mills

**5. Interfund Receivables, Payables, & Transfers**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “Due from other funds” or “Due to other funds” on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<b><u>Due From Other Funds</u></b>		<b><u>Due To Other Funds</u></b>
General Fund	\$ 12,844	Tax Collection Fund	\$ 12,844
General Fund	93,707	Fire Fund	93,707
General Fund	<u>447</u>	Trust & Agency Fund	<u>447</u>
Total	<u><u>\$ 106,998</u></u>		<u><u>\$ 106,998</u></u>

Interfund Transfers reported in the Fund Statements are as follows:

**NONE**

**Township of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2006

**6. Capital Assets**

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance June 30, 2006</u>
Governmental Activities:				
Capital Assets not being Depreciated:	\$ 352,010	\$ -	\$ -	\$ 352,010
Capital Assets being Depreciated:				
Buildings & Improvements	\$ 340,285	\$ 110,144	\$ -	\$ 450,429
Machinery & Equipment	920,119	18,262	-	938,381
Total Capital Assets being Depreciated	<u>1,260,404</u>	<u>128,406</u>	<u>-</u>	<u>1,388,810</u>
Accumulated Depreciation:				
Buildings & Improvements	95,114	7,907	-	103,021
Machinery & Equipment	385,231	53,803	-	439,034
Total Accumulated Depreciation	<u>480,345</u>	<u>61,710</u>	<u>-</u>	<u>542,055</u>
Net Capital Assets being Depreciated	<u>780,059</u>	<u>66,696</u>	<u>-</u>	<u>846,755</u>
<b>Net Total Capital Assets</b>	<u><u>\$ 1,132,069</u></u>	<u><u>\$ 66,696</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,198,765</u></u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 10,189
Public Safety	51,521
Total Governmental Activities	<u><u>\$ 61,710</u></u>

**7. Long -Term Debt**

The following is a summary of the debt outstanding of the Township as of June 30, 2006:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
General Obligation Bonds & Contracts						
Installment Purchase Contract - Municipal Building Addition						
Amount of Issue - \$100,500		\$22,275 -				
Maturing through August 1, 2006	3.75%	\$22,416	\$ 42,432	\$ (20,826)	\$ 21,606	\$ 21,606
Installment Purchase Contract - Fire Station						
Amount of Issue - \$100,500		\$183,540 -				
Maturing through August 1, 2006	3.89%	\$219,089	\$ -	\$ 1,200,000	\$ 1,200,000	\$ 183,540
<b>Total Governmental Activities</b>			<u><u>\$ 42,432</u></u>	<u><u>\$ 1,179,174</u></u>	<u><u>\$ 1,221,606</u></u>	<u><u>\$ 205,146</u></u>

**Township of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2006

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<b>Years Ending June 30,</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 205,146	\$ 44,898	\$ 250,044
2008	188,010	39,618	227,628
2009	195,426	32,202	227,628
2010	203,022	24,606	227,628
2011	210,914	16,714	227,628
2012	219,088	8,539	227,627
<b>Total</b>	<b>\$ 1,221,606</b>	<b>\$ 166,577</b>	<b>\$ 1,388,183</b>

**8. Pension Plan**

The Township does not offer any pension plan.

**9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

**10. Comparative Data**

Comparative total data for the prior year has not been presented.

**11. Post Employment Benefits**

The Township does not provide any post employment benefits.

**12. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

### **Required Supplemental Information**

**Township of Almont**  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2006

	General Fund			
	Original	Amended		Variance with
	Budget	Budget	Actual	Amended
<u>Revenues</u>				Budget
Property Taxes	\$ 329,915.00	\$ 329,915.00	\$ 366,911.89	\$ 36,996.89
State Shared Revenues	224,500.00	224,500.00	221,319.00	(3,181.00)
Charges for Services	60,000.00	60,000.00	4,980.00	(55,020.00)
Interest Earnings	5,000.00	5,000.00	21,568.52	16,568.52
Other Revenues	14,000.00	14,000.00	116,017.81	102,017.81
<b>Total Revenues</b>	<b>633,415.00</b>	<b>633,415.00</b>	<b>730,797.22</b>	<b>97,382.22</b>
<u>Expenditures</u>				
<b>General Government</b>				
Township Board	192,915.00	192,915.00	81,891.16	111,023.84
Supervisor	33,000.00	33,000.00	28,366.25	4,633.75
Elections	12,000.00	12,000.00	4,959.47	7,040.53
Assessor	40,000.00	40,000.00	39,976.29	23.71
Clerk & Deputy Clerk	62,000.00	62,000.00	56,448.58	5,551.42
Board of Review	3,000.00	3,000.00	1,525.24	1,474.76
Treasurer & Deputy Treasurer	47,000.00	47,000.00	41,969.65	5,030.35
Building & Grounds	55,000.00	55,000.00	23,442.35	31,557.65
Cemetery	8,000.00	8,000.00	5,250.66	2,749.34
<b>Total General Government</b>	<b>452,915.00</b>	<b>452,915.00</b>	<b>283,829.65</b>	<b>169,085.35</b>
<b>Public Safety</b>				
Inspection Department	10,000.00	10,000.00	9,036.24	963.76
Ordinance Enforcement	5,000.00	5,000.00	4,023.93	976.07
Planning Commission	95,000.00	95,000.00	22,319.43	72,680.57
Street Lights	6,000.00	6,000.00	5,084.88	915.12
Board of Appeals	2,000.00	2,000.00	2,087.33	(87.33)
<b>Total Public Safety</b>	<b>118,000.00</b>	<b>118,000.00</b>	<b>42,551.81</b>	<b>75,448.19</b>
<b>Public Works - Roads &amp; Drains</b>	<b>100,500.00</b>	<b>100,500.00</b>	<b>71,209.77</b>	<b>29,290.23</b>
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Debt Service - Principal</b>	<b>25,000.00</b>	<b>25,000.00</b>	<b>20,825.51</b>	<b>4,174.49</b>
<b>Debt Service - Interest</b>	<b>2,000.00</b>	<b>2,000.00</b>	<b>1,591.20</b>	<b>408.80</b>
<b>Total Expenditures</b>	<b>698,415.00</b>	<b>698,415.00</b>	<b>420,007.94</b>	<b>278,407.06</b>
<b>Excess of Revenues Over</b>				
<b>(Under) Expenditures</b>	<b>(65,000.00)</b>	<b>(65,000.00)</b>	<b>310,789.28</b>	<b>375,789.28</b>
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	-	-
<b>Excess of Revenues &amp; Operating Transfers In Over</b>				
<b>(Under) Expenditures &amp; Operating Transfers Out</b>	<b>(65,000.00)</b>	<b>(65,000.00)</b>	<b>310,789.28</b>	<b>375,789.28</b>
<b>Fund Balance - Beginning of Year</b>	<b>65,000.00</b>	<b>65,000.00</b>	<b>72,563.27</b>	<b>7,563.27</b>
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 383,352.55</b>	<b>\$ 383,352.55</b>



**Township of Almont**  
 Budgetary Comparison Schedule  
 Fire Fund  
 For The Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Special Assessments	\$ 220,500.00	\$ 220,500.00	\$ 221,088.54	\$ 588.54
Interest Earnings	6,000.00	6,000.00	17,355.21	11,355.21
Other Revenue	<u>1,700.00</u>	<u>1,700.00</u>	<u>1,839.80</u>	<u>139.80</u>
<b><u>Total Revenues</u></b>	<u>228,200.00</u>	<u>228,200.00</u>	<u>240,283.55</u>	<u>12,083.55</u>
<b><u>Expenditures</u></b>				
Administration	53,500.00	53,500.00	42,938.00	10,562.00
Operating Expenditures	67,250.00	67,250.00	42,767.59	24,482.41
Other Expenditures	554,498.00	554,498.00	45,207.29	509,290.71
Capital Outlay	<u>28,200.00</u>	<u>28,200.00</u>	<u>18,262.00</u>	<u>9,938.00</u>
<b><u>Total Expenditures</u></b>	<u>703,448.00</u>	<u>703,448.00</u>	<u>149,174.88</u>	<u>554,273.12</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(475,248.00)	(475,248.00)	91,108.67	566,356.67
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	(475,248.00)	(475,248.00)	91,108.67	566,356.67
<b><u>Fund Balance - Beginning of Year</u></b>	<u>475,248.00</u>	<u>475,248.00</u>	<u>479,316.15</u>	<u>4,068.15</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,424.82</u>	<u>\$ 570,424.82</u>

**Township of Almont**  
 Budgetary Comparison Schedule  
 Police Department Fund  
 For The Year Ended June 30, 2006

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Special Assessments	\$ 282,309.00	\$ 282,309.00	\$ 281,900.86	\$ (408.14)
Interest Earnings	4,000.00	4,000.00	8,063.76	4,063.76
Other Revenues	-	-	10,200.00	10,200.00
<b><u>Total Revenues</u></b>	<b><u>286,309.00</u></b>	<b><u>286,309.00</u></b>	<b><u>300,164.62</u></b>	<b><u>13,855.62</u></b>
<b><u>Expenditures</u></b>				
Contractual Services	230,000.00	230,000.00	234,738.76	(4,738.76)
Miscellaneous	262,309.00	262,309.00	5,604.40	256,704.60
Capital Outlay	7,000.00	7,000.00	-	7,000.00
<b><u>Total Expenditures</u></b>	<b><u>499,309.00</u></b>	<b><u>499,309.00</u></b>	<b><u>240,343.16</u></b>	<b><u>258,965.84</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>(213,000.00)</u></b>	<b><u>(213,000.00)</u></b>	<b><u>59,821.46</u></b>	<b><u>272,821.46</u></b>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<b><u>(213,000.00)</u></b>	<b><u>(213,000.00)</u></b>	<b><u>59,821.46</u></b>	<b><u>272,821.46</u></b>
<b><u>Fund Balances - Beginning of Year</u></b>	<b><u>213,000.00</u></b>	<b><u>213,000.00</u></b>	<b><u>187,634.80</u></b>	<b><u>(25,365.20)</u></b>
<b><u>Fund Balances - End of year</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 247,456.26</u></b>	<b><u>\$ 247,456.26</u></b>

**Township of Almont**  
 Budgetary Comparison Schedule  
 Building Department Fund  
 For The Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Permits & Inspections Fees	\$ 59,000.00	\$ 59,000.00	\$ 51,061.02	\$ (7,938.98)
Interest Earnings	300.00	300.00	516.27	216.27
Other Revenue	-	-	41.00	41.00
<b><u>Total Revenues</u></b>	<u>59,300.00</u>	<u>59,300.00</u>	<u>51,618.29</u>	<u>(7,681.71)</u>
<b><u>Expenditures</u></b>				
Inspectors' Salaries, Wages, & Fees	65,000.00	65,000.00	50,857.67	14,142.33
Operating Supplies & Education	5,300.00	5,300.00	1,062.61	4,237.39
Miscellaneous	1,000.00	1,000.00	252.00	748.00
<b><u>Total Expenditures</u></b>	<u>71,300.00</u>	<u>71,300.00</u>	<u>52,172.28</u>	<u>19,127.72</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>(12,000.00)</u>	<u>(12,000.00)</u>	<u>(553.99)</u>	<u>11,446.01</u>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<u>(12,000.00)</u>	<u>(12,000.00)</u>	<u>(553.99)</u>	<u>11,446.01</u>
<b><u>Fund Balance - Beginning of Year</u></b>	<u>12,000.00</u>	<u>12,000.00</u>	<u>7,898.02</u>	<u>(4,101.98)</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,344.03</u>	<u>\$ 7,344.03</u>

**Township of Almont**  
 Budgetary Comparison Schedule  
 Fire Assessment Capital Project Fund  
 For The Year Ended June 30, 2006

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Special Assessments	\$ 227,000.00	\$ 227,000.00	\$ 212,765.51	\$ (14,234.49)
Interest Earnings	2,000.00	2,000.00	7,797.33	5,797.33
Loan Proceeds	-	-	1,200,000.00	1,200,000.00
Other Revenue	-	-	180.00	180.00
<b><u>Total Revenues</u></b>	<b><u>229,000.00</u></b>	<b><u>229,000.00</u></b>	<b><u>1,420,742.84</u></b>	<b><u>1,191,742.84</u></b>
<b><u>Expenditures</u></b>				
Miscellaneous	-	-	7,632.18	(7,632.18)
Capital Outlay	100,000.00	100,000.00	110,144.34	(10,144.34)
<b><u>Total Expenditures</u></b>	<b><u>100,000.00</u></b>	<b><u>100,000.00</u></b>	<b><u>117,776.52</u></b>	<b><u>(17,776.52)</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>129,000.00</u></b>	<b><u>129,000.00</u></b>	<b><u>1,302,966.32</u></b>	<b><u>1,173,966.32</u></b>
<b><u>Other Financing Sources</u></b>				
Operating Transfers In (Out)	-	-	-	-
<b><u>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other Uses</u></b>	<b><u>129,000.00</u></b>	<b><u>129,000.00</u></b>	<b><u>1,302,966.32</u></b>	<b><u>1,173,966.32</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>250,000.00</u></b>	<b><u>250,000.00</u></b>	<b><u>253,880.12</u></b>	<b><u>3,880.12</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ 379,000.00</u></b>	<b><u>\$ 379,000.00</u></b>	<b><u>\$ 1,556,846.44</u></b>	<b><u>\$ 1,177,846.44</u></b>

### **Other Supplemental Information**

**Township of Almont**  
Other Supplemental Information  
Schedule of Indebtedness  
June 30, 2006

**Municipal Building Addition**  
**Installment Purchase Contract**  
**Annual Payment Due August 1**

**Dated: August 13, 2001**  
**Original Issue: \$100,500**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2006</u>	<u>2005</u>	
3.75%	7/30/2005	\$ -	\$ 20,826	\$ -
3.75%	7/30/2006	21,606	21,606	810
Total		<u>\$ 21,606</u>	<u>\$ 42,432</u>	<u>\$ 810</u>

**Fire Station**  
**Installment Purchase Contract**  
**Annual Payment Due June 1**

**Dated: August 13, 2001**  
**Original Issue: \$100,500**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2006</u>	<u>2005</u>	
3.89%	6/1/2007	\$ 183,540	\$ -	\$ 44,088
3.89%	6/1/2008	188,010	-	39,618
3.89%	6/1/2009	195,426	-	32,202
3.89%	6/1/2010	203,022	-	24,606
3.89%	6/1/2011	210,914	-	16,714
3.89%	6/1/2012	219,088	-	8,539
Total		<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ 165,767</u>
<u>Total Installment Purchase Contracts</u>		<u>\$ 1,221,606</u>	<u>\$ 42,432</u>	<u>\$ 166,577</u>

LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

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MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

August 11, 2006

Members of the Township Board  
**Almont Township**  
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Almont Township for the fiscal year ended June 30, 2006. During the course of my examination, the following items came to my attention:

- 1) It is my opinion that the Tax Account be zeroed out as of the end of the fiscal year. The Tax Account is a Trust and Agency Account and should distribute the funds to the appropriate Agency or Government Fund within a reasonable amount of time. The tax collection bank accounts should be reconciled on a monthly basis.
- 2) The Trust & Agency Fund holds performance bonds. The Treasurer maintains the cash balance, the Clerk records the activity in the general ledger, and Ida keeps a ledger on each individual performance bond. A system needs to be implemented to reconcile the three departments on a monthly basis. This is done to confirm that the cash balance agrees with the Township general ledger and both agree with the actual list of performance bonds kept by Ida.
- 3) It is my opinion that the Tri County Bank Certificate of Deposit in the Fire Assessment Capital Project Fund be converted to a checking account so that the Township will receive a monthly bank statement. This will allow for the accounting of the activity. In addition to this, the Clerk and Treasurer need to reconcile this account on a monthly basis.

From an overall viewpoint, Almont Township is in good financial condition. I thank the Township officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant